

Digest of a Review of the Costs and Services for Individuals with Developmental Disabilities

This report compares the costs and services for individuals with mental retardation and developmental disabilities (MR/DD) who require a high level of care in three programs:

1. Home and Community Based Services (HCBS) group homes and apartments
2. Utah State Developmental Center (USDC)
3. Private Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Because resources are limited and needs are great, difficult decisions must be made about how to best balance costs incurred with services provided. The purpose of this report is to provide decision makers reliable information to help them evaluate the difficult policy alternatives. The report has two main conclusions.

- The average cost of high need individuals is greatest at the USDC and least at ICFs/MR. While the cost in the HCBS program is between the other two, average cost comparisons need careful analysis.
- The Division of Services for People with Disabilities (DSPD) should develop a more effective monitoring system to provide assurances that individuals' needs are being met and that the state receives full value for dollars spent.

Excessive costs deny services to others. Although expenditures for MR/DD services have increased in recent years, DSPD has a long list of individuals waiting for services that it cannot afford to supply. Unless better ways to control costs are found, the state either needs to significantly increase MR/DD funding or accept the continuing existence of a lengthy waiting list of individuals who need services. Our cost and service information can help the Legislature to make more informed decisions when considering policies about the services that can reasonably be provided with limited funds.

Cost Comparisons Require Careful Analysis. We compared the costs of serving an individual in the HCBS program to the USDC and to privately-owned ICFs/MR. Our estimates include the cost for the full array of services received regardless of the funding source. We found that in fiscal year 1997:

- The average cost of former USDC residents in the HCBS program was 10 percent less than that of USDC residents (\$ 83,785 per year vs. \$92,766).
- The average cost of former ICF/MR residents in the HCBS program was 25 percent more than that of ICF/MR residents (\$57,901 per year vs. \$46,355).

However, average cost data should be interpreted with caution so that erroneous conclusions are not reached. Average costs do not necessarily indicate the likely cost of placing one more individual in a program or the likely savings for serving one less individual. Because of fixed and transitional costs, USDC's average costs have increased as the institution's population has decreased. In fact, transfers from the USDC to the HCBS program appear to increase total costs although average costs appear to indicate otherwise. In addition, service differences may affect the comparability of costs. ICF/MR providers are paid a flat rate per person regardless of each individual's disability that may incorporate a lower staffing level and larger facility size into their rates than that provided in HCBS group homes.

In addition to estimating program costs, we also were asked to review some specific issues related to the *Lisa P.* Settlement Agreement. Under the 1993 agreement, Utah committed to transferring USDC residents into less restrictive placements when appropriate. Many individuals have transferred from the USDC to the HCBS program. We were asked: (1) if the funds followed individuals who transferred from the USDC to the HCBS program; and, (2) if the proportion of costs paid by the state changed significantly because of the transfer. First, we found that \$59,000 per person per year was transferred from the USDC budget to the HCBS region where the individual moved. However, both programs realized a shortfall and, as a result, required additional appropriations. Second, while total costs may have increased, the state's proportional share of costs does not appear to have significantly changed.

Care Comparisons Indicate DSPD Needs to Develop Compliance Monitoring Program.

We were also asked to review the delivery of services in the three program settings. While we compared service delivery to requirements, it was beyond our audit scope to assess the relative quality of life experienced by residents in each setting. We found the following:

- Our case file review shows similar results for all three programs: all individuals received required health care but some did not receive the full complement of training and prescriptive therapies specified in their individual plans. A person's functioning level may deteriorate without adequate training and therapy.
- Effective monitoring in the HCBS program is important. First, we found that there is little monitoring of whether providers deliver the required staffing levels that clients need and for which the state pays. Second, the number of high service level individuals is growing not only from new clients but also by the reclassification of existing clients.
- Philosophical changes at DSPD has led to some uncertainty about support coordinators' role. With the emphasis on an individual's quality of life, cost control and the monitoring of service delivery have become less important.

To help control costs and ensure that individuals receive services and staffing that they need and that the state is paying for, we recommend that DSPD develop a more effective monitoring program by clarifying responsibilities and communicating them to staff. We also recommend that the Division of Health Care Financing review its monitoring procedures to insure that ICF/MR residents receive consistent training throughout the year.